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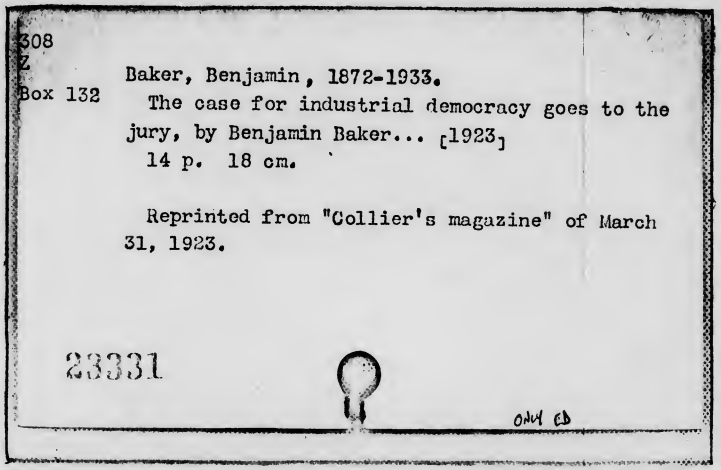

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The Case for Industrial Democracy Goes to the Jury

By Benjamin Baker

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Pennsylvania Railroad System

YOU are the jury. The Supreme Court has decided that "that the moral sanction of public opinion" — your opinion — must decide about this plan under which the second largest employer in America is dealing with its 180,000 workers. Mr. Baker frankly argues in favor of the plan. He says: "There is such a thing as fairness, such a thing as honor, such a thing as good faith between management and employees." He asks you to make up your own mind and help to render the verdict.

—Editorial comment on Mr. Baker's article by "COLLIER'S"

Clip Sept. 17. 1923. Act

The Case for Industrial Democracy Goes to the Jury

To you, readers of this article, and to your fellow citizens of the country, the Supreme Court of the United States has referred the case of the Pennsylvania Railroad and the Labor Board. You remember, now you think of it, that the papers printed Washington dispatches on the subject a short time ago. The headlines read something like this: "Supreme Court Upholds Labor Board. Rules it Had Power to Rebuke Pennsylvania for Disregarding Decision on Shopmen's Representatives. But Road Not Bound to Obey. Public Opinion Only Enforcing Power." So it's up to you.

It's a remarkable case—nothing like it has ever before come up in this country. It is the case of the second largest private employer in America—whose workers number one-tenth of all the railroad men in the country—establishing in cooperation with those employees an industrial democracy unparalleled in the measure of power it brings into the hands of the workers.

And the question to be decided by what the Supreme Court calls "the moral sanction of public opinion"—yours, in short—is whether this new industrial democracy is better or worse for all concerned than the alternative ordered by the Labor Board and rejected by the Pennsylvania. That alternative (the controversy concerned only the shop crafts) was to put the interests of the shopmen, in

negotiating with the railroad, into the hands of the officers of System Federation 90, who act under orders from the national officers of the Railway Employees' Department of the American Federation of Labor, in Chicago.

Of course you've heard of that reputed "union buster," W. W. Atterbury, vice president of the Pennsylvania, in charge of operation. The national shop-crafts officials have held him up as an inveterate foe of the railroad worker's rights. He was the chief channel on the management side, and apparently the main source of the new industrial plan, and you ought to know something of his bias in undertaking to plan and build up the system.

Here's his bias: You remember, by the way, that he worked two years in Europe as director general of transportation for the American armies. They wanted him to stay after the armistice for some other work, but he said: "No, I'm going back to build a peace with the men I have been working with these many years."

Soon after he got back he made a speech to a Pennsylvania Railroad organization on "The Rights of Those Who Labor"—meaning head workers as well as hand workers.

The Big Six

It was the invitation to stay longer in Europe, he explained in this speech, that brought up in his mind with a new sharpness a sense of the reality of the life, liberty, and pursuit of happiness that we were fighting for in Europe and had always fought for.

"I had always known," he said, "that it was my right, but I do not know that I had ever had so keen a realization that it was your right and the right of every other fellow.

"I tried to put myself in the other fellow's place. What did that right mean to me, and what did it mean to him? It seemed to me that the following at least were essentials:

1. Steady employment
2. At a good wage.
3. Time for recreation.
4. Opportunity to elevate myself in my employment.
5. A voice in determining the rules and regulations under which I should work.
6. A fair division of profits after a reasonable wage had been earned and a sufficient amount paid to capital to attract it to an expanding business.

"And yet there was so much in these, if literally and liberally applied, as to seem revolutionary; and I wondered if, upon my return to the States, some might not say to me: 'Old man, you are not only in the wrong pew but in the wrong church.'" But they didn't say it.

This is General Atterbury's industrial platform. When President Jewell of the shop crafts and some of his associates called on him last September, General Atterbury gave them copies of this speech and told them that was where they could always find him.

The actual working of the new plan makes operative all the parts of this platform that are possibilities, with things as they are. Steady employment for *all* railroad men is not possible. The inexorable cold of winter lays off workers on roadbed and tracklaying as certainly as it sends the farmer away from his field. Slackening tides of traffic, which the railroads cannot control, affect still others. Yet already, in the case of certain classes of mechanics, General Atterbury has abolished seasonal lay-offs that made thousands of men idle for many weeks every year. As to division of profits: that is a matter for a future when the good repute of the railroad industry as a field for investment shall have been reestablished. There are not profits now to pay board and lodging for a difference of opinion over them.

You may think it strange, at first sight, that the greatest problem before the Pennsylvania Plan, and the greatest victory it has won for the cause of cooperation and good will, should be much less in wage rates than in working rules and the application of those rules. Wage rates are important, yes, and we shall come to those in due time.

But whatever the wage rates may be, what the individual railroad man gets out of them depends more on the working rules and the way these rules are applied to his always-varying day's work than on the rates by themselves. The day's work of most railroad men is so much certainty plus a variable amount of uncertainty. And the way this added uncertainty is figured and paid for is vastly important to him. The great bulk of the grievances of railroad men—the things that make them "sore"

and discontented—hinge on getting what they consider a square deal under the accepted rules. As railroads have been run, the largest single problem of the employees has been the double one of getting, first, *any* decision on the points they bring up under the rules; and, second, getting a *fair* decision.

Decision Dodgers

In a great transportation factory like the Pennsylvania System—nearly a thousand miles long in a straight line and in places three hundred miles wide —where superintendents and managers are constantly traveling about the huge plant, it has always been easy, for an executive who wanted to do so, to dodge making *any* decision on many of the innumerable questions of pay, discipline, promotion, etc., that the men constantly put up to him. Many division superintendents, not to mention general superintendents and general managers, have devoted much labor and ingenuity to this game of dodge the men. And, further, decisions when made by the executives have sometimes been freakish and have failed as a whole to establish a reasonable standard interpretation of working rules. The result is that almost every railroad has a lot of sore spots in the shape of men with grievances who either can't get any decision on them or get what they consider an unfair decision.

This double-headed source of trouble is wiped out, under the Pennsylvania Plan, by applying two plain remedies:

1. *Prompt* decisions,
2. *Fair* decisions.

Prompt decisions are secured by making every superintendent and general manager have a fixed monthly meeting day with the men's representatives, at which he *must* take up, and try to settle quickly and fairly, every issue put up to him. If the division superintendent can't agree with the men on a particular point, the matter pops up the next month at the general superintendents' monthly meeting. If he can't settle it, the general manager gets it next month. And if it gets away from the general manager, it goes the next month—only four months from the first hearing—to the Supreme Court of Working Law and Equity—the Joint Reviewing Committee.

Fair decisions in the great majority of cases are reached under the Pennsylvania Plan below the Reviewing Committee. In the calendar year 1922 there were altogether 9,481 cases presented by the men to the various executives. Only 223 of these—less than 3 per cent.—went as far as the reviewing committees.

Here, in the Joint Reviewing Committee for each group of employees, is one new and bold feature of the Pennsylvania Plan. The committee for each group consists of equal numbers of representatives of the men and representatives of the company. The two sides have equal voting power. A two-thirds vote is necessary to a decision. Therefore every decision in favor of an employee means that at least two (in some committees three) of the company representatives have sided with the employee and against the company. And every decision favorable to the company means that two (sometimes three) of the employee representatives have sided with the company and against the employee.

And It Works

Won't work, you say? Pshaw! *It does work!* A hundred and eighty thousand Pennsylvania men will tell you that it does work, *because they know.*

Why wouldn't it work? Lots of wise folks (including some railroad executives) would be sure that each party in the Joint Reviewing Committee would stand pat on its own side, and that decisions, when reached at all, would come because one side tired out the other party. But this is where wise persons are wrong and General Atterbury was (and is) right.

The Pennsylvania management staked everything on its faith that the company would get *a square deal from the men.* The reviewing committees exist and have their powers of decision by virtue of by-laws agreed upon between the company and elected representatives of the men. The Pennsylvania believed that the men would be just as fair to the company as the company was to the men. And, so far, there is every sign that the Pennsylvania was right. Committee members who began as partisans speedily felt that they had to be not partisans, but judges. Fair-mindedness increases by exercise. There is proof of this all over the Pennsylvania System. If such a committee, under the two-thirds rule, doesn't make fair decisions, how may one expect to obtain fairness?

Ranking next above a simple fair decision is a fair decision that is final and permanent. The reviewing committee, in deciding how the accepted working rules ought to be applied to each individual case, plays the part of a court of law for the railroad and its men. Each situation that it rules upon is

settled, and its decision becomes the law, which both executives and men quote in all future issues hinging on that particular point. In cases of discipline, on the other hand, the reviewing committee acts as a court of justice and of law in one.

On this point of the finality of decisions by the reviewing committees, the Pennsylvania has taken another bold step that makes the Pennsylvania Plan unique. In every other employee-representation plan there is always one loophole left by which the management can get its way. There is always some way of appealing the company's side to the president, who always can, and always does, decide any appealed issue in the company's favor. But the effect of having the loophole is that the company representatives on joint committees never feel free to decide issues as they feel the issues *ought* to be decided, on the basis of reason and fairness; instead they decide as they know beforehand the president would *want* them decided.

Not so on the Pennsylvania. General Atterbury has made it clear (to his own executives, as well as to the men) that the company considers the Joint Reviewing Committee the court of last resort. What it lays down is *the law* so far as the company is concerned. President and directors are as much bound by it as the lowest foreman. Nobody knows how President Rea and the directors would want this or that point decided. And nobody ever thinks of asking.

Understanding Prosperity

In the spirit of mutual fairness which animates the joint reviewing committees, new agreements

embodying working rules ("schedules," railroad men call them) and new wage agreements have been worked out and adopted in conferences between the management on one side and representatives of each class, elected by a really secret ballot, on the other. In every wage agreement the company has agreed to rates better in many substantial ways than those laid down by the Labor Board last year.

In the conferences on wage rates the company representatives have laid before the employee representatives the facts of the company's finances—its income and outgo, and its specific needs—and you will much mistake the fact if you imagine that the representatives of the men lack ability either to comprehend or to criticize these presentations.

But they know—what every sane and reasonable man would know—that they cannot prosper unless the company also prospers. In determining what rates in other industries are to be taken as standards of comparison, management and men undertake a joint investigation in the field; and no rate in any outside place is accepted as a fair standard of comparison unless the men's representatives agree that the particular outside job is fairly comparable with the similar railroad job the rate for which is under discussion.

Thus, working rules, wage rates, and the application of both rules and wage agreements to each individual man, as his case comes up, are dealt with jointly and decided *finally* under laws drawn up and accepted by men and management, and *administered by the joint and equal power of the two parties acting together*. If this is not true industrial democracy, then words have no meaning.

It satisfies both sides. And I have taken my evidence from the representatives of the men, who have lived with it day after day, and who know just what it means on the job. My one talk with General Atterbury is fully reported in what I have already set down.

For the rest, I had two long afternoons, for instance, with the shop committee shown in the picture. There was no management man around. They told me the whole story. Some of them, including Chairman Davis, had at the outset doubted the company's good faith. But they had seen that good faith tested in hundreds of cases, and the company backing up its agreement to the last letter and the last dollar. So I had two hours with the Works Committee—seven veteran shopmen—at Altoona. We shut out General Manager Smith and got right down to brass tacks. I asked questions that would have been awkward if anything had been wrong. But there wasn't anything wrong. The game was straight.

Similarly, I spent many hours with chairmen of the conductors, the engineers, the trainmen, the firemen, the maintenance-of-way men, the clerks, and so on, hearing innumerable details of the actual working of the Pennsylvania Plan and seeing in the frank accounts of these singularly acute men a convincing picture of successful democratic control of employment relations. I heard, incidentally, a good deal of inside labor-union history that would interest you if I could report it.

As a summary of all the comment and appraisal from these men, there stands out from my memory

record the words of Mr. Cowen, chairman of the Conductors on the "Lines East." At the end of a long talk with me and the chairmen of two other train services, he said, meditatively:

"I don't see why this plan shouldn't spread over all the railroads of the country just as soon as people find out what it is accomplishing. I have been dealing with railroad management in behalf of fellow employees for forty years, but never before have I seen the peace, justice, and good feeling that this plan has brought about. It is so *right* that it seems as if it couldn't help spreading everywhere. You have spoken of 'the Atterbury plan'; we of the train services like to think of it as *our* plan. We proposed monthly meetings with the executives four years ago. And we had a large part in shaping up the reviewing-committee idea that has been the pattern for all the other groups."

"It is right: it works." That was the uniform verdict.

Men and women of the jury, the question which the Supreme Court has remanded to your verdict is *not* whether industrial democracy on the Pennsylvania Railroad shall continue or shall cease. The court's judgment holds that this democracy is beyond the reach of legal interference under any existing statute. Its future rests in the joint will of its members.

The Case Goes to the Jury

In the controversy with the shopmen there was on the side of the labor-union officials the assertion they are continually making—that *every* employer

is necessarily and always full of bad faith and treachery toward his employees; that *no* employer is capable of fairness and good faith; that workers cannot be safe unless they have always at hand a militant labor-unionism conspicuously waving toward the sword of the strike. In individual instances there is unhappily too much truth in such assertions.

But it is not necessary, and it is not true, that *all* employers and *all* employment relations must be thus governed. There is such a thing as fairness, such a thing as honor, such a thing as good faith between management and employees.

You are asked to find:

That an employer—even a railroad corporation—is entitled to prove by its deeds that it can be and is fair, reasonable, honorable, worthy of trust in employment relations confined to its own employees.

That a just and fair industrial democracy, administered by the equal powers of the parties in it, is better than militant control from any source whatsoever.

That such a democracy is entitled to your approval and support, even though no place for such a democracy is provided by the terms of the Transportation Act.

What is your verdict? Are you for peace with democratic justice? Or is your voice still for war?

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